

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-41-W - ORDER NO. 2007-401
MAY 25, 2007

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| IN RE: Petition of Ashley Oaks Water System, Inc. |) | ORDER APPROVING |
| for Approval of a Transfer of Its Water |) | TRANSFER OF UTILITY |
| System to the City of Columbia |) | WITH CONDITIONS |
| |) | AND GRANTING |
| |) | PETITION TO |
| |) | INTERVENE OUT OF |
| |) | TIME |

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of Ashley Oaks Water System, Inc. (Ashley Oaks or the Company) for approval of the transfer of its water system to the City of Columbia (the City). The Company is a public utility engaged in providing water service to residents in the Blythewood area of Richland County. Ashley Oaks and the City have come to an agreement as to the transfer of the water system from Ashley Oaks to the City.

Pursuant to the instructions of the Commission's Docketing Department, the Company published a Notice of Filing one time in a newspaper of general circulation in the Company's service area. Further, each affected customer was notified individually of the proposed transfer. The Company furnished an affidavit to show that it had complied with the Docketing Department's instructions. A Petition to Intervene was received from Stewart G. and Roberta C. Young (the Youngs). Subsequently, a Petition to Intervene Out of Time was received from Ashley Oaks Phase I Homeowners Association (the

HOA). Because of the reasoning stated below, the Petition to Intervene Out of Time is granted. Further, we will proceed to review the request to transfer the water system on an expedited basis. Based on the materials before us, we approve the transfer, reserving the right of the Youngs to a separate hearing on their issue involving the ownership of a well and easement, which will also be explained below.

First, with regard to the Petition to Intervene Out of Time, the Petition states that the HOA is an association of residents of the development served by the Ashley Oaks Water System and that those residents have an interest in the proceeding, since they are customers served by the water system. The HOA takes the position that the transfer should be approved as soon as possible. No parties have any objections to the intervention. Accordingly, the Petition to Intervene Out of Time is granted.

With regard to the transfer itself, from our review of the materials submitted, it appears to us that the City is well qualified to take over the Ashley Oaks system. Further, the present water pressure on the Ashley Oaks system is below normal, resulting in an inadequate supply of water for the Company's customers. Prior to the transfer of a water utility, Regulation 103-704 requires this Commission to grant a Certificate that the transfer is in the public interest. The Regulation requires us to look at all applicable information prior to the granting of such a Certificate. We have examined all relevant factors in the present case. We believe that this transfer is in the public interest, since it will allow the Company's customers to obtain adequate supplies of water. The Ashley Oaks system will have an owner who is extremely knowledgeable about water systems and who is well qualified to maintain the systems, as well as provide

good customer service. Therefore, the requisite Certificate is granted, and the agreement and transfer of the water system to the City of Columbia is approved, subject to the conditions as outlined in the contract between the two parties, and to certain additional conditions imposed by this Commission.

In taking this action, this Commission takes no position on the allegations of the Youngs regarding the ownership and rights to the well and easement located on their property. Although the contract between the City of Columbia and Ashley Oaks appears to exclude the transfer of all existing wells, well sites, storage tanks, and water lines extending from the wells and storage tanks to the water system, it also appears to presume Ashley Oak's ownership of the disputed well, as does the underlying consent order between Ashley Oaks and the South Carolina Department of Health and Environmental Control. The Youngs have requested a hearing on their claims, and this Commission holds that they should be entitled to one.

However, it does not appear that the Commission's consideration of the Youngs' objections should delay the transfer of the water system to the City of Columbia. None of the parties dispute that the transfer is necessary to ensure adequate water service for the customers presently served by the Ashley Oaks Water System. No one disputes that the customers of the water system are presently experiencing hardship as a result of its inadequacies. We believe that there is no reason why a transfer of the system, subject to certain reservations, need prejudice the Youngs' right to be heard before this Commission at a future date.

Accordingly, this Commission approves the transfer of the Ashley Oaks Water System to the City of Columbia, but expressly reserves the right to hear the Youngs' claims in a separate hearing, in which the parties will have the opportunity to present testimony and argue their respective positions. This Commission reserves the right to rule on all issues pertaining to this dispute, including this Commission's jurisdiction over the controversy. Further, the Youngs' claim shall be heard on an expedited schedule to be established by the Hearing Officer appointed by us in this Docket.

We hold that the transfer of the system is conditioned on this Commission's reservation of this issue and the City of Columbia's agreement thereto.

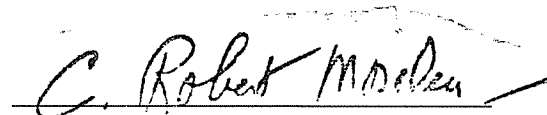
This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman

(SEAL)